

COURT FILE
NUMBER 1703-21274

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL
CENTRE EDMONTON

PLAINTIFF ROYAL BANK OF CANADA

DEFENDANT'S 1679775 ALBERTA LTD., REID-BUILT HOMES LTD., REID
WORLDWIDE CORPORATION, BUILDER'S DIRECT SUPPLY
LTD., REID BUILT HOMES CALGARY LTD., REID
INVESTMENTS LTD., and REID CAPITAL CORP.

IN THE MATTER OF THE RECEIVERSHIP OF 1679775 ALBERTA
LTD., REID-BUILT HOMES LTD., REID WORLDWIDE
CORPORATION, BUILDER'S DIRECT SUPPLY LTD., REID
BUILT HOMES CALGARY LTD., REID INVESTMENTS LTD.,
1852512 ALBERTA LTD., and REID CAPITAL CORP.

APPLICANT ALVAREZ & MARSAL CANADA INC. in its capacity as Court-
appointed Receiver and Manager of the current and future assets,
undertakings and properties of 1679775 ALBERTA LTD., REID-
BUILT HOMES LTD., REID WORLDWIDE CORPORATION,
BUILDER'S DIRECT SUPPLY LTD., REID BUILT HOMES
CALGARY LTD., REID INVESTMENTS LTD., 1852512 ALBERTA
LTD., and REID CAPITAL CORP.

DOCUMENT **RECEIVER'S THIRTEENTH REPORT**
December 4, 2018

ADDRESS FOR
SERVICE AND
CONTACT
INFORMATION
OF PARTY
FILING THIS
DOCUMENT

Norton Rose Fulbright Canada LLP
400 3rd Avenue SW, Suite 3700
Calgary, Alberta T2P 4H2

Phone: +1 403.267.8222
Fax: +1 403.264.5973
Email: howard.gorman@nortonrosefulbright.com /
aditya.badami@nortonrosefulbright.com

Attention: Howard A. Gorman, Q.C. / Aditya M. Badami



ALVAREZ & MARSAL

TABLE OF CONTENTS

1.0	INTRODUCTION.....	- 1 -
2.0	PURPOSE	- 2 -
3.0	ANCHORVIEW ORDER	- 2 -
4.0	SEASONAL HOLDBACKS.....	- 2 -
5.0	LIEN HOLDBACKS	- 5 -
6.0	RECEIVER'S CONCLUSION AND RECOMMENDATION	- 5 -

Appendices

Appendix A – Anchorview Capital Corporation Share Register

Appendix B – Confirmation Letter to Eligible Homeowners

Appendix C – Confirmation Letter to Ineligible Homeowners

1.0 INTRODUCTION

- 1.1 On November 2, 2017 (the **"Receivership Date"**), upon application of the Royal Bank of Canada (**"RBC"**), Alvarez & Marsal Canada Inc. was appointed as Receiver and Manager (the **"Receiver"**) pursuant to a consent receivership order (**"Receivership Order"**) granted by the Honourable Justice Hillier in respect of the current and future assets, undertakings and properties of 1679775 Alberta Ltd., Reid-Built Homes Ltd., Reid Worldwide Corporation, Builder's Direct Supply Ltd., Reid Built Homes Calgary Ltd., Reid Investments Ltd. (**"RIL"**), and Reid Capital Corp. (collectively, the **"Reid Group"**).
- 1.2 Anchorview Capital Corp. (**"Anchorview"**) is a wholly owned subsidiary of RIL and its primary asset is a limited partnership interest in the Bridge to Ownership Alberta Limited Partnership (**"BTHO"**).
- 1.3 On March 21, 2018, the Court of Queen's Bench of Alberta granted an order (the **"Receivership Extension Order"**) appointing the Receiver as the receiver of the current and future assets, properties, and undertakings of 1852512 Alberta Ltd. (**"185"**) on the same terms and with the same powers as the Receiver was appointed pursuant to the Receivership Order, but subject to the terms of the Receivership Extension Order. Like Anchorview, 185 is a wholly owned subsidiary of RIL which had assets of value to the receivership estate.
- 1.4 As at the Receivership Date, the Company's former legal counsel, Parker Dubrule Lawyers (**"Parker Debrule"**), maintained trust funds for seasonal holdbacks with respect to homes sales for which certain construction work remained incomplete at the time of the sale closing (**"Seasonal Holdbacks"**) and lien holdbacks to protect homeowners from liens registered against their homes purchased from Reid Group (**"Lien Holdbacks"**).
- 1.5 Concurrent with this Receiver's Thirteenth Report (the **"Thirteenth Report"**), the Receiver intends to file a Notice of Application for the following orders:
 - a) an order extending the Receivership Order to include the current and future assets, undertakings and properties of Anchorview (the **"Anchorview Order"**);
 - b) an order directing Parker Dubrule to distribute the Seasonal Holdbacks to homeowners and the receivership estate, as appropriate (the **"Seasonal Holdback Order"**); and
 - c) an order discharging certain invalid liens and directing Parker Dubrule to release any lien holdbacks maintained in connection with the discharged liens to the Receiver (the **"Lien Holdback Order"**).

- 1.6 The Receivership Order and other motion materials are posted on the Receiver's website at www.alvarezandmarsal.com/reidbuilt.
- 1.7 Capitalized terms not defined in this Thirteenth Report are as defined in the Receivership Order.
- 1.8 All references to dollars in this Thirteenth Report are in Canadian currency.

2.0 PURPOSE

- 2.1 This Thirteenth Report is a special purpose report that is intended to provide this Honourable Court with information with respect to the Receiver's application for the Anchorview Order, the Seasonal Holdback Order and the Lien Holdback Order.

3.0 ANCHORVIEW ORDER

- 3.1 Former management of the Reid Group ("**Management**") has advised the Receiver that Anchorview's sole business activity was to participate in BTHO and that it has no other known assets or liabilities. Management is not aware that any financial statements were prepared for Anchorview. The only asset that the Receiver has identified and is aware of is Anchorview's 40 Class A limited partnership units in the BTHO joint venture (the "**LP Units**").
- 3.2 The Receiver is advised by its legal counsel that RBC does not have registered security interests against the property of Anchorview. RBC does have security interests against Anchorview's parent company, RIL. Attached as Appendix "**A**" is the Anchorview share register showing RIL as the 100% shareholder in Anchorview.
- 3.3 The Receiver is seeking the Anchorview Order to empower it to administer and potentially affect a commercial transaction with respect to the LP Units for the benefit of Anchorview's shareholder, RIL, and thereby the receivership estate.
- 3.4 The proposed Anchorview Order mirrors the Receivership Extension Order.

4.0 SEASONAL HOLDBACKS

- 4.1 The Receiver has been advised by Parker Dubrule and Management that, prior to the Receivership Date, in circumstances where construction work remained outstanding at the time that a purchaser took possession of a home, the Company's practice was for Parker Dubrule to maintain a Seasonal Holdback in trust. The quantum of the Seasonal Holdback was determined based on an Outstanding Seasonal at Closing checklist ("**Seasonal Holdback Checklist**") that attributed a prescribed holdback amount for each outstanding item.

- 4.2 As at the Receivership Date, Parker Dubrule held Seasonal Holdbacks in trust in respect of 86 different properties in the combined amount of approximately \$363,000.
- 4.3 The Receiver has assessed each affected homeowner's entitlement to Seasonal Holdback trust funds by reviewing the associated Seasonal Holdback Checklists and comparing them to the seasonal work completed by Reid Group as reflected in the Company's books and records.
- 4.4 The results of the Receiver's assessment were as follows:
- a) 67 homeowners ("**Eligible Homeowners**") were entitled to a portion of the Seasonal Holdback funds in respect of their property and the remaining trust balance was eligible for release to the receivership estate; and
 - b) 19 homeowners ("**Ineligible Homeowners**") were not entitled to any Seasonal Holdback funds, and the full trust balance was eligible for release to the receivership estate.
- 4.5 In July 2018, the Receiver instructed its legal counsel to send the following letters (the "**Confirmation Letters**") confirming its assessment of the Seasonal Holdback entitlements with the affected homeowners:
- a) a letter to the Eligible Homeowners providing the Receiver's calculation of their Seasonal Holdback entitlement and asking them to confirm their agreement or, alternatively, advise the Receiver of their disagreement and provide the Receiver with supporting documentation. An example of a Confirmation Letter sent to Eligible Homeowners is attached as Appendix "**B**"; and
 - b) a letter to the Ineligible Homeowners confirming that all outstanding seasonal work has now been completed and requesting that if the Ineligible Homeowner disagrees with the Receiver's assessment, they advise the Receiver of their dispute and provide the Receiver with supporting documentation. An example of a Confirmation Letter sent to Ineligible Homeowners is attached as Appendix "**C**".
- 4.6 A summary of the Seasonal Holdbacks as at November 30, 2018, is as follows:

Status of Seasonal Holdbacks	Number of Seasonal Holdbacks	For Release to Homeowners (\$000s)	For Release to Receivership Estate (\$000s)	Total (\$000s)
Seasonal Holdbacks - Eligible Homeowners				
Released to Eligible Homeowners and the receivership estate	62	\$ 149	\$ 150	\$ 299
Eligible Homeowner disputes the entitlement amount	3	1	6	7
Eligible Homeowner has not responded	2	1	7	8
Total Seasonal Holdbacks - Eligible Homeowners	67	151	163	314
Ineligible Homeowners	19	-	49	49
Total Seasonal Holdbacks	86	\$ 151	\$ 212	\$ 363

4.7 The responses to the Confirmation Letters received by the Receiver's legal counsel are summarized as follows:

- a) 62 Eligible Homeowners have agreed with the Receiver's calculation of entitlement to the applicable Seasonal Holdbacks and Parker Dubrule has released the applicable trust funds;
- b) 3 Eligible Homeowners have disputed the Receiver's calculation of entitlement to the applicable Seasonal Holdbacks;
- c) 2 Eligible Homeowners have not responded to the Confirmation Letters despite follow-up attempts by the Receiver's legal counsel; and
- d) none of the Ineligible Homeowners have responded to the Confirmation Letters.

4.8 The Seasonal Holdbacks subject to dispute are as follows:

Homeowners Disputing Seasonal Holdbacks Entitlements	For Release to Homeowners (\$)	For Release to Receivership Estate (\$)	Total Held in Trust (\$)
Jaison and Joseph	\$ 250	\$ 5,350	\$ 5,600
Breen	250	-	250
Funchak	400	1,050	1,450
Total	\$ 900	\$ 6,400	\$ 7,300

4.9 The Receiver's comments with respect to the disputed Seasonal Holdback Entitlements are as follows:

- a) Jaison and Joseph have taken the position that a post-closing property tax adjustment should be covered by the Seasonal Holdback. The Receiver's legal counsel has advised Jaison and Joseph that a claim for a property tax adjustment is a separate claim against the Reid Group and is not covered by the Seasonal Holdback. Jaison and Joseph have not responded to follow-up emails from the Receiver's legal counsel; and
- b) Mr. Breen and Mr. Funchak have taken the position that they will not sign their Confirmation Letters as they each claim that there are un-remediated deficiencies in respect of their homes. The Receiver has advised them that deficiency claims are separate claims against the Reid Group and are not covered by the Seasonal Holdback. They have not responded to follow-up correspondence from the Receiver's legal counsel.

4.10 The Receiver is seeking the Seasonal Holdback Order to provide for the prompt and appropriate distribution of the remaining Seasonal Holdbacks in accordance with the Receiver's assessment.

5.0 LIEN HOLDBACKS

- 5.1 As at the Receivership Date, Parker Dubrule maintained Lien Holdbacks totaling approximately \$283,000 with respect to nine home sales (the "**Lien Holdback Homes**").
- 5.2 The Receiver instructed its legal counsel to review the validity and enforceability of the liens registered against the Lien Holdback Homes and has sought to resolve the lien claims as follows:
- a) where liens have been determined to be valid, the Receiver has negotiated, or is in the process of negotiating, the payout and discharge of the liens with the lien claimants; and
 - b) where liens have been assessed as invalid, the Receiver's legal counsel has written to the lien claimant or its legal counsel requesting discharge of the liens.
- 5.3 Three liens by Gem Cabinets Ltd. totaling approximately \$27,000 and one lien by Glenora Lumber & Building Supplies Ltd. in the amount of approximately \$5,000 registered against the Lien Holdback Homes (collectively, the "**Invalid Liens**") were registered after title of the subject properties transferred to the purchaser. The Receiver is advised by its legal counsel that these liens are invalid and unenforceable and that the claimants have not taken steps to remove the Invalid Liens.
- 5.4 Accordingly, the Receiver is seeking the Lien Holdback Order to provide for discharge of the Invalid Liens and direction for Parker Debrule to release the Lien Holdbacks with respect to the Invalid Liens to the Receiver.

6.0 RECEIVER'S CONCLUSION AND RECOMMENDATION

- 6.1 Based on the forgoing, the Receiver respectfully recommends that this Honourable Court grant the Anchorview Order, the Seasonal Holdback Order and the Lien Holdback Order.

All of which is respectfully submitted to this Honourable Court this 4th day of December, 2018.

**Alvarez & Marsal Canada Inc., in its capacity as
Receiver and Manager of the assets, undertakings and
properties of the Reid Group and not in its personal capacity**


Per: Todd M. Martin
Senior Vice President


Per: Tom Powell
Vice President

APPENDIX A

REGISTER OF TRANSFERS OF CLASS "A" COMMON SHARES (voting)

[illegible]

ANCHORVIEW CAPITAL CORP.

SECURITIES REGISTER

NAME: Reid Investments Ltd.

ADDRESS: 18140 - 107 Avenue, Edmonton, Alberta T5S 1K5

OCCUPATION:

CLASS OF SHARES: Class "A" Common

[illegible]

ANCHORVIEW CAPITAL CORP.

SECURITIES REGISTER

NAME: **Jeremy Main Enterprises Ltd.**

ADDRESS: 8623 149 Street, Edmonton, Alberta T5R 1B3

OCCUPATION:

CLASS OF SHARES: Class "A" Common

[illegible]

ANCHORVIEW CAPITAL CORP.

SECURITIES REGISTER

NAME: 887787 Alberta Ltd.
ADDRESS: 8623 149 Street, Edmonton, Alberta T5R 1B3
OCCUPATION:
CLASS OF SHARES: Class "A" Common

Date	No. of Certificate Issued	No. of Certificate Cancelled	To or from Whom	Sold Shares	Bought Shares	BALANCE
June 1, 2016	A-2		From Treasury		25	25
June 22, 2017		A-2	To Reid Investments Ltd.	25		NIL

APPENDIX B

July 24, 2018

Sent By Registered Mail

MICHAEL BRAD PEORI
44 JAMES CRESCENT
ST. ALBERT, ALBERTA T8N 7S6

NORTON ROSE FULBRIGHT

Barristers & Solicitors / Patent & Trade-mark Agents

Norton Rose Fulbright Canada LLP
400 3rd Avenue SW, Suite 3700
Calgary, Alberta T2P 4H2 CANADA

F: +1 403 264 5973
nortonrosefulbright.com

Howard A. Gorman, Q.C.
+1 403 267 8144
howard.gorman@nortonrosefulbright.com

Assistant
+1 403 267 8194
roberta.savard@nortonrosefulbright.com

Dear Sir/Madam:

Your reference

Our reference
1001004429

Reid-Built Homes Ltd. - Seasonal Holdbacks

Our offices are counsel to Alvarez & Marsal Canada Inc. in its capacity as court-appointed receiver and manager (the Receiver) over the assets, properties and undertakings of Reid-Built Homes Ltd., 1679775 Alberta Ltd., Reid Worldwide Corporation, Builder's Direct Supply Ltd., Reid Built Homes Calgary Ltd, Reid Investments Ltd., 1852512 Alberta Ltd., and Reid Capital Corp. (collectively, Reid Built), by Order of the Honourable Mr. Justice Hillier (the Receivership Order). A copy of the Receivership Order and all other materials filed in the Reid Built receivership proceedings can be found on the Receiver's website, located at www.alvarezandmarsal.com/reidbuilt.

A seasonal holdback is being maintained by Parker Dubrule Lawyers in connection with work that was outstanding on your property. We have reviewed the records of Parker Dubrule Lawyers and Reid and confirmed that the seasonal holdback amount relating to the work that remains outstanding on your property is \$4,300.

If you agree with our records and agree to release Reid against any claims for any further seasonal holdback costs, kindly execute the duplicate copy of this correspondence and send it to the undersigned's attention. Once we receive the duly executed letter, we will forward you payment of the seasonal holdback in the agreed amount.

If you disagree with our records, please provide the undersigned with information in support of what work remains outstanding before July 30, 2018.

Thank you,

Yours very truly,



Howard A. Gorman, Q.C.
Senior Partner

Copies via e-mail to:

Samantha Jenkins and Aditya Badami (firm)
Tom Powell and Vicki Chan (Alvarez & Marsal Canada Inc.)
Darryl Dubrule and Shane Parker (Parker Dubrule Lawyers)

The above-noted purchaser agrees that the seasonal holdback is accurately calculated in the amount set out above.

Name:
Reid Home Purchaser

can_dms: \112684376\2

Norton Rose Fulbright Canada LLP is a limited liability partnership established in Canada

Norton Rose Fulbright Canada LLP, Norton Rose Fulbright LLP, Norton Rose Fulbright Australia, Norton Rose Fulbright South Africa Inc and Norton Rose Fulbright US LLP are separate legal entities and all of them are members of Norton Rose Fulbright Verein, a Swiss Verein. Norton Rose Fulbright Verein helps coordinate the activities of the members but does not itself provide legal services to clients. Details of each entity, with certain regulatory information, are at nortonrosefulbright.com

APPENDIX C

July 24, 2018

Sent By Registered Mail

SITA DEVI
17359-120 STREET NW
EDMONTON, AB T5X 0K5

Howard A. Gorman, Q.C.
+1 403.267.8144
howard.gorman@nortonrosefulbright.com

Assistant
+1 403.267.8194
roberta.savard@nortonrosefulbright.com

Dear Sir/Madam:

Your reference

Our reference
1001004429

Reid-Built Homes Ltd. - Seasonal Holdbacks

Our offices are counsel to Alvarez & Marsal Canada Inc. in its capacity as court-appointed receiver and manager (the **Receiver**) over the assets, properties and undertakings of Reid-Built Homes Ltd., 1679775 Alberta Ltd., Reid Worldwide Corporation, Builder's Direct Supply Ltd., Reid Built Homes Calgary Ltd, Reid Investments Ltd., 1852512 Alberta Ltd., and Reid Capital Corp. (collectively, **Reid Built**), by Order of the Honourable Mr. Justice Hillier (the **Receivership Order**). A copy of the Receivership Order and all other materials filed in the Reid Built receivership proceedings can be found on the Receiver's website, located at www.alvarezandmarsal.com/reidbuilt.

A seasonal holdback is being maintained by Parker Dubrule Lawyers in connection with work that was outstanding on your property. We have reviewed the records of Parker Dubrule Lawyers and Reid and confirmed that all outstanding work has now been completed and the seasonal holdback can now be released.

If you believe there is outstanding work subject to the holdback, please provide the undersigned with information regarding what work remains outstanding **before August 6, 2018**. If we do not hear back from you by that date, we will take steps to release this holdback.

Thank you,

Yours very truly,



Howard A. Gorman, Q.C.
Senior Partner

Copies via e-mail to:

Samantha Jenkins and Aditya Badami (firm)
Tom Powell and Vicki Chan (Alvarez & Marsal Canada Inc.)
Darryl Dubrule and Shane Parker (Parker Dubrule Lawyers)

can_dms: \112684651\1

Norton Rose Fulbright Canada LLP is a limited liability partnership established in Canada

Norton Rose Fulbright Canada LLP, Norton Rose Fulbright LLP, Norton Rose Fulbright Australia, Norton Rose Fulbright South Africa Inc and Norton Rose Fulbright US LLP are separate legal entities and all of them are members of Norton Rose Fulbright Verein, a Swiss Verein. Norton Rose Fulbright Verein helps coordinate the activities of the members but does not itself provide legal services to clients. Details of each entity, with certain regulatory information, are at nortonrosefulbright.com